

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2019/2020

BEM2044 – THE ECONOMY OF MALAYSIA

(All sections / Groups)

15 OCTOBER 2019
2.30 p.m. – 4.30 p.m.
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **TWO (2)** printed pages, excluding the cover page.
2. This question paper consists of **TWO (2)** sections, **SECTION A** and **SECTION B**.
3. Marks are shown for each question.
4. Write all your answers in the answer booklet provided.
5. Answer **ALL** questions.

Answer **ALL** questions.

Section A: Case-study (40 marks)

Read the passage below and answer the following questions.

Loans and home ownership

16 July 2019

By Datuk Dr Paul Selva Raj

(Chief Executive Officer of Fomca)

While the Federation of Malaysian Consumers Associations (Fomca) recognises that owning a home is a basic consumer right, the key factor in acquiring a loan by the consumers and approving a loan by the bank must be the ability of the consumer to repay the loan. Apart from the consumer's financial habits, two key factors that determine repayment ability is income and the price of houses. In relation to one's income, the house must be affordable. Are Malaysian houses affordable?

According to Khazanah Research Institute and Bank Negara, the sign of a well-functioning, affordable home market is when the median price across the whole housing market is three times the gross annual household income. Overall in Malaysia, house prices are 4.4 times the median income. Furthermore, the average price of houses in KL is RM490,000; in Selangor it is RM300,000; in Johor it is RM260,000 while in Penang it is RM295,000. To put it simply, houses in Malaysia are simply not affordable to consumers.

Thus, the first priority in assisting home ownership should be to build affordable homes as well as to get the private sector to build affordable homes.

The private sector is more keen to build expensive homes with very high rates of return, of course, but when these expensive houses cannot be sold, it puts pressure on banks to approve loans to consumers, especially young workers even though they may not be able to afford the monthly payments.

While young workers have a right to own a home, purchasing a home beyond their means can only result in severe financial hardship in the near or long term. Consumers, on the other hand, need to take a comprehensive look at themselves and assess their ability to make regular house loan payments in the context of other current and long-term financial commitments.

What is seriously lacking currently is a strategic approach to financial literacy programmes for young workers and young families. It is critical that young workers and young families develop the knowledge, skills and motivation to assess their current financial habits and management practises and develop more optimal practices towards enhanced spending, saving and investments, and debt management to develop more responsible financial behaviour.

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Further, due to low uptake of insurance, especially medical insurance, as well as preparation for retirement, financial education is key to ensuring that young consumers are prepared to face financial challenges at every stage of their lives.

When a young consumer is blacklisted in CCRIS, there is a high possibility that there is a serious problem in the way he/she is managing his/her debts. The way forward should be to educate and empower young people to manage their finances, not make it easier for them to get a huge loan, which could only lead to further financial problems.

Source: <https://www.thestar.com.my/opinion/letters/2019/07/16/loans-and-home-ownership/>

Based on the passage above, answer the following questions.

- (a) Identify four reasons why houses are not affordable for Malaysians to own. (16 marks)
 - (b) Besides affordability, determine three current challenges of owning a home in Malaysia. (12 marks)
 - (c) The rise in urban poverty has also contributed to the inability of owning a home in Malaysia. Outline three reasons that contributed to the rise of urban poverty in Malaysia. (6 marks)
 - (d) Deduce three objectives of Affordable House Ownership Policy that will help you own a house in Malaysia in the near future. (6 marks)
- (Total : 40 marks)

Section B: Structured Questions (60 marks)

Question One (30 marks)

- (a) Identify three objectives of the Malaysian Education Blueprint 2013 – 2030 to transform the Malaysian school system? (9 marks)
 - (b) Outline four strategies of the Malaysian Education Blueprint 2015 – 2030 to transform the higher education in Malaysia. (12 marks)
 - (c) One of TalentCorp's strategies to drive Malaysia towards becoming a dynamic talent hub is to establish work-life practices. Deduce three ways to establish work-life practices as suggested by TalentCorp. (9 marks)
- (Total : 30 marks)

Question Two (30 marks)

- (a) Identify four causes of the 2008 Global Financial crisis. (12 marks)
 - (b) One of the objectives of ASEAN is to accelerate economic growth through economic cooperation among its members. How can Malaysia mitigate financial crisis by joining ASEAN? (12 marks)
 - (c) According to the Ministry of Health, Malaysia, by 2020, Malaysia will be an 'ageing' society, facing numerous health issues. Outline three health issues that Malaysians are currently facing. (6 marks)
- (Total : 30 marks)

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